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IN CONVERSATION WITH LALOY AT FONOFF TODAY, HE SAID HE WAS TURNING OVER IN HIS MIND WHAT STEPS WESTERN POWERS MIGHT TAKE BETWEEN NOW AND RECONVENING AT GENEVA TO IMPROVE THEIR POSITION IN NEGOTIATIONS WITH SOVIETS OVER BERLIN. HE AGREES THAT EXPERTS SHOULD NOT BE CALLED TOGETHER. BUT THINKS IT WOULD BE USEFUL TO BEGIN EXCHANGE OF VIEWS BETWEEN GOVERNMENTS ON GENEVA PROSPECTS AS SOON AS POSSIBLE. HE INDICATED FRENCH EMBASSY WASHINGTON WOULD BE INSTRUCTED IN NEAR FUTURE TO CONTACT DEPARTMENTAL REPRESENTATIVE. PROBABLY MERCHANT. IN THIS REGARD.

LALOY SAID HE FEARS SOVIETS WILL ATTEMPT PUT WEST IN POSITION OF ACCEPTING LATEST SOVIET PROPOSALS AS BASIS FOR DISCUSSION WHEN TALKS BEGIN JULY 13. TO FORESTALL THIS MOVE, LALOY IS CONSIDERING WHETHER IT MIGHT BE DESIRABLE FOR WESTERN THREE TO SEND NOTES TO SOVIET GOVERNMENT EARLY IN JULY WHICH WOULD RECAPITULATE POSITIONS OF TWO SIDES. EMPHASIZE REASONABLENESS OF WESTERN PROPOSALS AND STATE OUR ASSUMPTION THAT LATTER WILL BE POINT OF DEPARTURE FOR FURTHER DISCUSSIONS.

LALOY SAID HE REALIZED THERE WERE POSSIBLE DRAWBACKS TO THIS PROCEDURE, BUT HE THOUGHT ADVANTAGES MIGHT OUTWEIGH DISADVANTAGES AND THAT MOVE WOULD PUT US IN STRONGER POSITION.

(NOTE: LALOY EMPHASIZED THAT IDEA OF NOTE WASSPURELY PERSONAL AND TENTATIVE ONE WHICH HE DID NOT WASH SO BE DISCUSSED WITH OTHER GOVERNMENTS AT THIS

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-2- 4834, JUNE 26, 7 PM: FROM PARIS

THEREFORE, NO MENTION OF THIS SHOULD BE MADE TO FRENCH OFFICIALS.)

LALOY PRAISED SECRETARY'S RADIO AND TELEVISION SPEECH HIGHLY AND SAID IT STRUCK RIGHT NOTE OF FIRMNESS AND RESOLUTION. HOWEVER, HE THOUGHT LLOYD'S AND MACMILLAN'S STATEMENTS HAVE BEEN OVERLY OPTIMISTIC, AND HE FEARS THAT ATTITUDE REFLECTED IN THESE STATEMENTS MAY MAKE IT VERY HARD TO RESIST SOVIET PRESSURES IN NEXT ROUND OF TALKS TO GO BEYOND CONCESSIONS WE HAVE ALREADY MADE.

LALOY SAID SEVERAL UNITED STATES JOURNALISTS HAVE TOLD
HIM THEY FELT WEST WAS "MISSING BET" FOR GOOD COMPROMISE
IN NOT DISCUSSING LAST GROMYKO PROPOSAL (EMBASSY HAS
HEARD SAME LINE ALSO), BUT THAT HE CONTINUES TO BELIEVE
IT WOULD BE FATAL TO ACCEPT ANY KIND OF TIME-LIMIT FOR
OCCUPATION STATUTE, EVEN WITH PROVISION FOR
REVIEW OF SITUATION AFTER EXPIRATION OF TIME LIMIT.

LALOY AND OTHER QUAL OFFICIALS ARE ALSO PERTURBED BY GROMYKO'S INSISTENCE ON PAN-GERMAN COMMITTEE AND ITS LINK WITH BERLIN SOLUTION. THEY FEEL GROMYKO MAY BE DISPOSED TO GIVE SLIGHTLY ON QUESTION OF PARITY IN COMPOSITION OF COMMISSION TO, EXTENT OF SAYING THIS IS SOMETHING WHICH COULD BE DISCUSSED AT SUMMIT ONCE PRINCIPLE OF COMMITTEE IS ACCEPTED. LALOY FEARS THIS MIGHT APPEAL TO BRITISH. HE SAID FRENCH WOULD STRONGLY OPPOSE IT, HOWEVER, AND ADDED THAT GREWE HAD MADE SPECIAL POINT OF TELLING HIM JUST BEFORE LEAVING GENEVA THAT ANY MOVE IN DIRECTION OF ACCEPTING SOVIET PROPOSALS FOR GERMAN COMMITTEE WOULD BE DISASTROUS TO FEDREP POLICIES AND WOULD BE BIG STEP TOWARD RECOGNITION OF GDR.

HOUGHTON

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